GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:7158
ANSWERED ON:13.05.2005
ELIEF ON LOAN GIVEN TO RIOT VICTIMS
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Will the Minister of FINANCE be pleased to state:

(a) whether the Government has announced interest relief on the loan given by commercial banks to the 1984 riot victims;

(b) if so, the details thereof alongwith criteria adopted for relief;

(c) the number of cases of interest repayment are still pending; and

(d) the reasons for pendency?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM):

(a) and (b) Government of India had formulated the Central Interest Subsidy Scheme (CISS) 1990 and revised it in 1993 in order to provide relief to the victims of 1984 riots. As a part of the rehabilitation measures for the riot victims, Government decided to provide relief in the form of reduction of interest to 6% on the bank loans under CISS. The scheme was revised in 1993 by scaling down the interest rate to 1% (simple) on eligible loans to give further relief to the riot affected borrowers. The above schemes were extended to cover Financial Institutions (FIs) also consequent to Supreme Court order dated 14.08.1995. Further, on 29.11.1997, Government modified the scheme to extend relief by way of write off of eligible loans upto and inclusive of Rs. 50,000/- as principal granted on 1st November, 1984 or afterwards, together with outstanding interest with the following modifications :

The eligible loans together with outstanding interest charged at the rate(s) applicable to such loans as per RBI guidelines issued from time to time till 30.6.1996 to be written off by Banks/FIs were reimbursed by Government of India.

The outstanding interest, other expenses etc. charged/debited beyond 30.6.1996 shall also be written off but will not be reimbursed by Government of India.

The accounts which already stand closed on or before 30.6.1996 would not qualify for any relief under the scheme.

Borrower will be eligible only if the aggregate of loans availed by same borrower from more than one Bank/FI, is Rs. 50,000/- or less.

(c) and (d) The reserve Bank of India has reported that in one case involving payment to Punjab National Bank the payment is yet to be made, as the genuineness of the claim is to be established.